



Via Electronic Filing

December 11, 2002

Ms. Marlene Dortch

Secretary

Federal Communications Commission

445 12th Street, S.W.

Washington, DC 20554

Re: Notice of Ex Parte Communication, CC Docket No. 98-171 -- In the Matter of 1998 Biennial Regulatory Review – Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Service, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms

On December 9, 2002, members of the International Prepaid Communications Association (IPCA) specifically, L. Scott Cohen of AT&T Communications Corporation, Korhan Aydin of Radiant Communications, Inc., Hope Halpern of Telstar International, Inc. and myself met with Jonathan Seacrest, Vicki Byrd, Diane Law Hsu, and Eric Einhorn of the Wireline Competition Bureau to discuss matters raised in the above proceeding. Specifically, the IPCA urged the Commission to reject the proposal advanced by Bell South and SBC (SBC Proposal), which would discriminate against “pure IXCs” and their customers. As IPCA noted in its June 6 and June 10 *ex parte* filings, the SBC proposal would base some carriers’ assessments on gross revenues while all other carriers would pay on a per connection basis. In addition, the SBC proposal would penalize those customers who choose to use multiple service providers by forcing them to pay multiple universal service fees, while those customers who choose to purchase services only from their ILECs will be subject to fewer fees and fees of a lesser amount. Typically, customers of dial-around and prepaid calling cards are savvy, price sensitive customers who shop around for the combinations of providers who best suit their particular calling patterns. For example, it is not unusual for this type of customer to use one provider for access to the PSTN, a second for PIC’d long distance service, a third for 1010 dial around services, and multiple debit card providers to call different domestic and international destinations. Under the ILEC plan, this type of consumer may be assessed four or five separate Universal Service assessments, while a consumer who only

uses only one provider to handle all her calling needs would be assessed only once. Accordingly, this result would be a giant step backwards, further encouraging consumers to purchase all services from their ILEC, instead of taking advantage of competitive advantages that they could reap from using a multitude of providers. Additionally, it bears mention that prepaid and dial-around products are most attractive to the poorest members of the community. The SBC proposal would have the perverse effect of burdening the poorest members of the population the most by causing them to pay the highest contributions in universal service fees – a result that would directly contradict the goals of both Congress and this Commission to ensure that low income consumers receive quality services at affordable rates.

In addition, the SBC proposal is discriminatory and competitively biased in favor of PIC'd IXC's and LECs versus IXC's who provide identical services on a dial around or "10-10" calling basis. Under the SBC proposal, while all other carriers including LECs, wireless providers and PIC'd IXC's would be able to submit universal service fees based on end user connections, dial around providers with no connections would continue to remit universal service assessments based on revenues. Given that a per line assessment has absolutely no nexus to the revenues of the carrier providing the line, it would be impossible to engineer a revenue based charge for dial around carriers that would be competitively neutral to the charge assessed on PIC'd IXC's. Given that PIC'd IXC's and dial around IXC's provide identical services, such a result is discriminatory and contrary to the Act's requirements that contributions be provided on an equitable and non-discriminatory basis.

Finally, the SBC proposal is unnecessarily unwieldy and complex, and will create additional administrative difficulties borne of requiring multiple carriers to track and remit universal service assessments, even though all of those providers reached the end user through the very same end user connection. Such administrative gymnastics can and should be avoided by implementing a per connection charge as proposed by multiple members of this proceeding. Accordingly, the IPCA continues to urge the Commission to reject the SBC proposal and adopt a per connection assessment mechanism.

Sincerely,

A handwritten signature in black ink, appearing to read "Howard Segermark". The signature is fluid and cursive, with a long horizontal stroke at the end.

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